

NSC BRIEFING

23 March 1955

THE SITUATION IN SOUTH VIETNAM

- I. Diem's plans to deal with the sects facing setback.
 - A. Plan has been to buy off subordinate commanders until military strength of remainder can be dealt with by army.
 - B. But those bought off don't always stay bought and army not in shape to play its party.
- II. Latest sect coalition has been jointed by Cao Dai Generals Phoung and The who Diem believed to be safely in his camp.
 - A. Gen. Phoung had been paid bribe of over \$100,000, which kept him "loyal" on occasion of sects' previous manifesto. (last week)
 - B. Gen. The, who had rallied to government with much fanfare, has received about half of premier's confidential funds.
 - C. Meanwhile, the Binh Xuyen's holdings are sufficiently lucrative as not only to put these bandits beyond bribery, but to permit them to do their own bribing.
 1. Their price tag for relinquishing Saigon police is over \$1 million.
 2. They got Cao Dai pope to earlier sign manifesto by gift of 1955 Oldsmobile.

~~SECRET~~

Approved For Release 2000/08/30 : CIA-RDP80R01443R000300280011-8

-2-

III. Army forces greatly outnumber sects but are dispersed;
and defense minister has no stomach for showdown.

A. Diem states army morale is low largely as
result of arbitrary dismissals by defense
minister.

B. Latter reportedly worried that Diem will take
tough line and force a fight with sects.

IV. "Ultimatum" of 20 March gave Diem five days to
reorganize government in undefined manner.

A. After that, sect leaders would "appeal to
the people."

B. Prospect is that sects will seek maximum
squeeze rather than attempt coup.

V. Harassing tactics of sects distract government from
more important matters.

A. Priority problem is unified front against Communism;
self-seeking of sects cripples efforts along this
line.

B. Disunity in South puts Diem in weak position in
forthcoming discussions with Viet Minh on
national elections.

C. Viet Minh media already pointing to sect
activity as evidence of chaos in South.

D. On 15 March Viet Minh radio said "civil war
is raging in South Vietnam."

~~SECRET~~

Approved For Release 2000/08/30 : CIA-RDP80R01443R000300280011-8